Statement of
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Mr. Chairman, Mr. Ranking Member, and members of the subcommittee, I appreciate the opportunity to review conservation programs delivered by the Farm Service Agency (FSA). Today I will provide you with a status update on implementation of our conservation programs, focusing on the 2008 Farm Bill. I will also describe how we work with state and local governments and our sister agencies, discuss our accomplishments to date, and conclude by discussing the future of our programs.

FSA's Conservation Programs

FSA delivers conservation, commodity, credit, energy, and emergency disaster programs. Program level funding varies depending upon market and weather conditions as well as new legislation. For fiscal years (FY) 2007 and 2008, net spending was $11.0 billion and $11.4 billion, respectively. We estimate the level to be $13.6 billion for FY 2009, including nearly $2.0 billion for conservation programs. Most FSA programs are delivered through a network of state and county offices that are located in over 2,200 rural counties.

The 2008 Farm Bill re-authorized three FSA-administered conservation programs: the Conservation Reserve Program (CRP), the rental contracts under the Grassland Reserve Program (GRP), and the Grassroots Source Water Protection Program. CRP conserves and improves soil, water and wildlife resources through 10-15 year contracts that provide annual rental payments and cost-share assistance to farmers and ranchers. This program has been in effect since 1985, and as of October 1, 2009, has 31 million acres under contract.

GRP is a voluntary conservation program that emphasizes support for grazing operations and protects grassland under threat of conversion to other uses. Under this program, farmers and ranchers have a choice between receiving a permanent easement or long-term rental contracts. It is jointly implemented by FSA and NRCS, with FSA implementing the rental contracts portion and NRCS implementing the easement portion. As of June 30, 2009, a total of 662,217 acres were enrolled in the rental portion of GRP.

The Grassroots Source Water Protection Program is the smallest of these three programs, and uses on-site technical assistance capabilities of State rural water associations to prevent source water pollution. Collaborative teams create operating plans that identify priority areas where local pollution prevention efforts are most needed, and work to develop voluntary measures that producers can install. These voluntary measures range from producers storing herbicides and pesticides in more secure containers to relocating waste lagoons. Currently, 43 states participate in this program.

FSA also is in the process of implementing the Voluntary Public Access and Habitat Incentive Program (Public Access Program), which was newly authorized in the 2008 farm bill. This program provides grants to States and Tribes to encourage farmers and ranchers to make private land available for access by the public to engage in wildlife-dependent recreation, including hunting and fishing. We are also implementing Farm Bill programs authorized under non-conservation titles, but with significant conservation value. Namely, these include the newly-authorized Emergency Forestry Restoration Program (EFRP) under the Forestry Title, the Biomass Crop Assistance Program (BCAP) under the Energy Title, and the Conservation Loan Guarantee Program of the Credit Title, which I will briefly discuss later.

In addition to these programs that appear in the 2008 farm bill, FSA administers the Emergency Conservation Program (ECP). ECP provides emergency funding and technical assistance for farmers and ranchers to rehabilitate farmland damaged by natural disasters and for carrying out emergency water conservation measures in periods of severe drought. Funding for ECP is appropriated by Congress. Locally-elected county committees are authorized to implement ECP for all disasters except drought, which is authorized at the national office of FSA.

Background on Recent Program Directions and Implementation of Conservation Title Provisions in the 2008 Farm Bill

The 2008 Farm Bill included several changes to CRP. The most significant of these changes was a 32-million-acre cap on aggregate U.S. acreage in the CRP, which took effect last week, on October 1, 2009. Other major changes include expanding Farmable Wetland Program (FWP) eligibility, exempting certain Conservation Reserve Enhancement Program (CREP) tree thinning and continuous CRP acres from the county enrollment cap of 25 percent of cropland, and implementing the new transition incentives for beginning, socially disadvantaged, and limited resource farmers and ranchers programs. This new transition incentives program allows participants to initiate the organic certification process and to make conservation and land improvements before CRP contract expiration.

In an effort to continue environmental benefits on the maximum CRP acres under the new 32-million-acre cap, FSA offered extensions in May 2009 to 1.5 million acres of the 3.9 million set to expire on September 30, 2009. These extensions were offered on those acres with the highest environmental benefit—those that fall within the top 30 percent of the environmental benefits index, or have an Erodibility Index of 15 or greater. As of September 29, contracts on 985,527 acres have accepted this extension offer. We expect this number to increase as county offices update data. Slightly fewer than 3 million acres did not receive an extension offer, or declined the offer they received, and those contracts expired on September 30, 2009.

In recent years, USDA has focused on this approach of selectively offering extensions (and, upon occasion, re-enrollments) to maximize conservation benefits and spread out the associated county office workload (see figures 1 and 2 for a historical perspective on

continous vs. general signup contracts and enrollment). For example, faced with 16 million acres set to expire on September 30, 2007, and an additional 12 million acres set to expire through 2010, USDA used re-enrollments and staggered contract extensions to spread the expirations out over a longer time period. This approach allows greater flexibility in determining the future of the program and spreads out the workload for our county offices and technical service providers (in particular, the Natural Resources Conservation Service). The last time that USDA had a general signup was in 2006.

We start fiscal year 2010 with 31 million acres in the CRP—about 2.6 million fewer acres than a year ago. With declining commodity prices for wheat, corn, soybeans and other crops since the highs of 2007 and 2008, interest in CRP enrollment is again accelerating. Looking forward, contracts for about 15.3 million acres currently enrolled in CRP are scheduled to expire between fiscal years 2010 and 2012. The President's budget assumes that general signups will be conducted in fiscal years 2010-2012. The combination of general signups and ongoing continuous signups are expected to maintain CRP enrollment at, or near, 32 million acres through 2012.

Various continuous signup opportunities exist under the CRP, including the State Acres for Wildlife Enhancement (SAFE) program, new conservation initiatives, and various Conservation Reserve Enhancement Program (CREP) projects. These practices generally target smaller parcels of some of the most environmentally fragile land. However, acres in these continuous signup practices, added together with general signup acres, must total to no more than 32 million acres at any point in time.

I'd like to provide a bit more on how these continuous programs operate. SAFE includes 84 approved projects in 33 states that help restore habitat to benefit a wide range of wildlife species, many of which are threatened with extinction. One of our most successful SAFE projects is the South Dakota Pheasants SAFE, which initially targeted enrollment of 20, 200 acres. Its goal is to provide habitat for non-game grassland birds, improve water quality, and reduce soil erosion, as well as increase the overall populations of ring-necked pheasants and other economically significant species, such as sharp tail grouse, prairie chicken, and upland nesting ducks. This SAFE project started in 2008, and reached its enrollment limit within a month; an additional 30,000 acres were added to this SAFE project in 2009.

CREP is a voluntary land retirement program that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. A specific CREP project begins when a State, Indian tribe, local government, or local nongovernment entity identifies an agriculture-related environmental issue of State or national significance. These parties and FSA then develop a project proposal to address particular environmental issues and goals. CREP contracts require a 10- to 15-year commitment to keep lands out of production, in return for an annual rental payment and cost-share assistance, and offer additional financial assistance. The Iowa CREP, which I will discuss in a few minutes, is one of our most far reaching and holds promise as a model for CREPs in other states.

This background on the CRP provides the context for our implementation of the 2008 farm bill. In an effort to implement program changes as quickly as possible, FSA divided CRP-related changes into two regulations: those that were discretionary and, therefore, needed greater environmental scrutiny and required more extensive Environmental Impact Statement (EIS) work under the National Environmental Policy Act (NEPA), versus those that were non-discretionary and, therefore, needed the lesser scrutiny associated with an Environmental Assessment (EA). The EIS process generally takes approximately 18-24 months, while an EA can be done within 9-12 months after funding is available. Both the EIS and EA, to greater and lesser extents respectively, discuss the change and alternative courses of action; the environmental impacts of the proposed action and alternatives; and a listing of agencies and persons consulted.

On June 29, 2009, we issued a rule implementing all changes associated with the second category, those that fell under the EA-associated changes. These include changes to the Farmable Wetlands Program (FWP), which is a voluntary program under the CRP to restore up to one million acres of farmable wetlands and associated buffers by improving the land's hydrology and vegetation. Producers plant long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat. In return, FSA provides FWP participants with rental payments, incentive payments, and cost-share assistance. Contract duration is between 10 and 15 years. The 2008 farm bill adds three new FWP practices to this existing program: eligibility for commercial pond-raised aquaculture, flooded prairie farmland, and constructed wetlands. Enrollment for these new practices started in August 2009. To date, we have enrolled 596 acres under the Aquaculture Wetland Restoration practice, and 75 acres under the Flooded Prairie Wetland practice.

In addition to the FWP, the farm bill provided $50 million cost-share assistance for tree thinning, which helps develop a stronger stand and provides wildlife and other natural resource benefits; refines income limits for program eligibility; and imposes the 32 million acre cap. All of these changes are included in the June 29 regulation.

The "part two" CRP regulation will implement those provisions that require an EIS. These provisions include: updating crop history eligibility to include four of the last six years between 2002 and 2007; exempting certain Conservation Reserve Enhancement Program (CREP) and continuous CRP acres from the county enrollment cap of 25 percent of cropland; implementing the new transition incentives for beginning, socially disadvantaged, and limited resource farmers and ranchers programs; and routine grazing. We are currently holding public meetings nationwide as a first step toward completion of the EIS; they are scheduled to conclude on October 9, 2009. The EIS will be completed in the summer of 2010. We are planning to initiate these changes as soon as the regulation is published.

The Public Access Program will provide grants to State and Tribal governments to expand public access opportunities on private lands. As such, it will provide greater public access for outdoor recreation activities, including hunting. FSA has begun developing the regulations and plans to implement the program during 2010.

Work with State, Local, and Interagency Partners

All of FSA's conservation programs have a strong State-local partnership aspect, as I alluded to earlier. For example, our CREP programs are all designed through interaction among State and federal agencies and conservation partners. The Iowa CREP is a good illustration of a program, designed with various Iowa State and local partners, to address use of the CRP to reduce nutrient loading in the Mississippi River watershed and hypoxia issues associated with the Gulf of Mexico. We are actively working with other States—including Minnesota, Wisconsin, Illinois, Missouri, and Arkansas—to expand the Iowa CREP concept, through the new constructed wetland practice under the FWP, to other watersheds. We have recently been interacting with NRCS about use of constructed wetland catchments to further our joint goals associated with improving the health of the nation's rivers.

In developing the SAFE program for South Dakota that I described earlier, we worked with both the State government and various conservation groups to develop a successful program facilitating enrollment of land for pheasant hunting. We are entertaining proposals to address at-risk species, such as lesser prairie chicken habitat in Colorado, Texas, and Kansas. We are working across States and interest groups to facilitate enrollment in the long-leaf pine initiative, which establishes incentives for landowners to plant this tree under continuous signup. Our upland buffer practice (CP33) has been so successful that FSA is exploring options to expand this initiative.

Virtually all of our programs involve coordination with our sister agencies, especially the Natural Resources Conservation Service (NRCS) and Forest Service. NRCS not only helps producers develop conservation plans for producers desiring to enroll in the CRP, but works with us on many state and local issues. In addition, we are in conversation with the Fish and Wildlife Service to address concerns about habitat for the lesser prairie chicken. We are working with land grant universities and the U.S. Geologic Survey to monitor water quality and quantity, both in the Ogallala Aquifer and the Mississippi River Basin. We're working with the Forest Service on bottomland hardwood issues to ensure that producers are using good forestry techniques to establish systems that maximize carbon sequestration and wildlife habitat.

Implementation of Cross-Cutting Programs

In addition to the cross-agency work we do on the conservation front, we find that our programs are increasingly cross-cutting in terms of their direction and underlying aims. Our most recent accomplishment in this area involves the Biomass Crop Assistance Program (BCAP). On May 5, 2009, the President issued a directive to aggressively accelerate the investment in and production of biofuels. In early June, FSA issued a Notice of Funds Availability for BCAP, meeting the 30-day deadline established by the President. BCAP accelerates investment in the production of biofuels, while promoting conservation principles. BCAP has two components. The first provides matching payments to eligible land owners and operators for eligible material that is sold to a qualified biomass conversion facility for the production of heat, power, bio-based products or advanced biofuels. The

second component provides funding for producers of eligible crops of renewable biomass within specified project areas to receive establishment and annual payments.

Interest in BCAP matching payments has been strong. Fifty facilities have been qualified as Biomass Conversion Facilities. These facilities range from a small rural school in Northwestern Montana that uses downed timber and wood residue to provide energy for boilers, to large pulp mills that produce steam to generate electricity and heat for the plant. Twenty-five million dollars in funding was made available for matching payments in FY 2009. The first matching payment was issued to a Missouri producer on August 31, 2009.

FSA is also implementing the Emergency Forestry Restoration Program (EFRP) under the Forestry Title of the 2008 farm bill. We are working together with the Forest Service and NRCS on this program, which provides financial assistance to owners of non-industrial private forest land (rural land with existing tree cover) for measures undertaken to address damage caused by a natural disaster. We have begun developing this regulation; however, funding is needed to complete the EIS.

Another cross-cutting program is the Conservation Loan Guarantee Program of the Credit Title. This new program helps finance qualifying conservation projects. All guarantees will be at 75 percent of the loan amount. Applicants must have an acceptable conservation plan that includes the project(s) to be financed. Preference under this program is given to beginning farmer and socially disadvantaged applicants, conversion to sustainable or organic production practices, and compliance with highly erodible land conservation requirements. We anticipate publication of this regulation in the next several months.

Program Accomplishments

USDA conservation programs have had a tremendous impact upon our nation's land and natural resources. According to the National Resources Inventory, between 1982 and 2003, soil erosion on U.S. cropland decreased 43 percent. Water (sheet & rill) erosion on cropland in 2003 was down from 1.67 billion tons to 971 million tons per year, and erosion due to wind was down from 1.39 billion tons to 776 million tons per year. About one-third of the total reduction is attributable to CRP.

As of September 2009, CRP participants have restored more than 2 million acres of wetlands and 2 million acres of riparian buffers. Land enrolled in CRP intercepts or reduces the amount of pollutants leaving the field. Using models developed by the Food and Policy Research Institute (FAPRI), these annual reductions include 221 million tons of sediment, 615 million pounds of nitrogen, and 123 million pounds of phosphorus. CRP is the Nation's largest carbon sequestration program on private lands. In 2008, CRP reduced greenhouse gas emissions by an estimated 56 million metric tons.

Grass, trees, and wetlands established by CRP benefit numerous wildlife species. Several independent studies have identified benefits to bird populations, including:

- Prairie Pothole Ducks—Researchers from the U.S. Fish and Wildlife Service estimate that the CRP contributed to a net increase of about 2 million additional ducks per year (a 30 percent increase in duck production since 1992) in North Dakota, South Dakota, and Northeastern Montana.
- Ring-Neck Pheasants—Western Ecosystems Technology, Inc. found that, in prime pheasant habitat, a 4 percent increase in CRP herbaceous vegetations was associated with a 22 percent increase in pheasant counts.
- Sage Grouse—The Washington Department of Natural Resources found CRP enrollment was associated with halting a decline (25 percent between 1970 and 1988) in sage grouse populations.

An increasingly important component of CRP is continuous sign-up, which includes SAFE, CREPs, and the FWP. As of August 2009, there were about 4.4 million acres enrolled in continuous signup. More than half of all CRP contracts are enrolled under continuous CRP. These lands have an important CRP contribution. Land in grass filters and riparian buffers (partial field enrollments) intercept sediment, nutrients and other contaminants before they enter waterways. An estimated 343 million pounds of nitrogen (56 percent of total N reductions) and 70 million pounds of phosphorus (57 percent of total P reductions) were intercepted by CRP buffers in 2008.

Conclusion

Conservation programs have provided notable achievements in both conserving and protecting our natural resources. The Farm Service Agency will continue to work diligently toward the implementation of all 2008 Farm Bill provisions, including the Conservation Title provisions I have discussed with you today.

I appreciate the opportunity to testify before this Subcommittee today, and I look forward to working with you, Mr. Chairman, Mr. Ranking Member, and all the members of this Subcommittee as we continue our hard work to ensure that USDA is responsive to the needs of American agriculture. This concludes my statement. I will be glad to answer questions you may have.